

BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: February 16, 2005

Division: Management Services

Bulk Item: Yes X No

Department: Administrative Services/Risk Management

AGENDA ITEM WORDING: Approval to renew Pollution Liability insurance through Marsh USA broker.

ITEM BACKGROUND Provide Pollution Liability Insurance with limits of \$5,000,000 with a \$50,000 deductible. The policy will contain a Retroactive date of 7/10/95. Indian Harbor Insurance Company supplemented its original proposal by offering a three year policy for a total premium of \$114,445. This equates to an annual cost of \$38,148. This amount is significantly lower than Indian Harbor's one year option. Approval is being requested for Risk Management to renew with Indian Harbor for the three year option, it is recommended that the County consider renewing its Pollution Liability Insurance with Indian Harbor for the next three years as proposed by Marsh USA.

PREVIOUS REVELANT BOCC ACTION: Approved Marsh Proposal in 2004.

CONTRACT/AGREEMENT CHANGES: Policy term will be from 3/12/05 to 3/12/08. Renewal premium is \$114,445 for a period of three years. 2004 premium was \$67,260.00.

STAFF RECOMMENDATIONS: Approval.

TOTAL COST: \$114,445 **BUDGETED:** Yes X No

COST TO COUNTY: \$114,445 **SOURCE OF FUNDS:** AD VALOREM

REVENUE PRODUCING: Yes No X **AMOUNT PER MONTH** **Year**

APPROVED BY: County Atty *JA* OMB/Purchasing Risk Management

DIVISION DIRECTOR APPROVAL:

John R. Collins 02/15/05
J.R. COLLINS

DOCUMENTATION: Included X To Follow Not Required

DISPOSITION: **AGENDA ITEM #**

MONROE COUNTY BOARD OF COUNTY COMMISSIONERS

CONTRACT SUMMARY

Contract with:	<u>Marsh USA Broker</u>	Contract #	<u> </u>
		Effective Date:	<u>3/20/2005</u>
		Expiration Date:	<u>3/12/2008</u>

Contract Purpose/Description:
Pollution LiabilityLiability Renewal

Contract Manager:	<u>Maria Slavik</u>	<u>3178</u>	<u>County Attorney #7</u>
	(Name)	(Ext.)	(Department/Stop #)

for BOCC meeting on 2-16-2005 Agenda Deadline: 2-1-2005

CONTRACT COSTS

Total Dollar Value of Contract: \$ 68,000 Current Year Portion: \$ _____

Budgeted? Yes ☒ No ☐ Account Codes: 503-08502-530-450-

Grant: \$ _____

County Match: \$ _____

[illegible]

ADDITIONAL COSTS

Estimated Ongoing Costs: \$_____/yr
(Not included in dollar value above)

For: _____
(eg. maintenance, utilities, janitorial, salaries, etc.)

CONTRACT REVIEW

	Date In	Changes Needed	Reviewer	Date Out
Division Director	02/15/05	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	John Cole	02/15/05
Risk Management	02/15/05	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	John Cole	02/15/05
O.M.B./Purchasing		Yes <input type="checkbox"/> No <input type="checkbox"/>	Salvatore J. J. J.	2/15/05
County Attorney	02/15/05	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	John Cole	02/15/05

Comments: _____

INTERISK CORPORATION

Consultants

Risk Management
Employee Benefits

1111 North Westshore Boulevard
Suite 208
Tampa, FL 33607-4711
Phone (813) 287-1040
Facsimile (813) 287-1041

February 9, 2005

Ms. Maria Slavik
Risk Management Specialist
Monroe County
502 Whitehead St.
Key West, Florida 33040

Subject: Pollution Liability Renewal

Dear Maria:

In preparation for the February 16, 2005 Board meeting, an Agenda item was prepared requesting that the Board approve renewing the County's Pollution Liability insurance with Marsh USA and Indian Harbor Insurance Company for a premium not to exceed \$68,000. The Background of the Agenda Item indicated that Marsh was still negotiating with several other insurers and authorization was being requested to place the coverage with the insurer submitting the best bid for the lowest premium.

Dawn at Marsh has received alternative proposals from the American International Group (AIG) and Arch Specialty Insurance Company.

AIG has offered to provide the County with Pollution Liability insurance with terms and conditions that are comparable to those currently being offered by Indian Harbor. The limits of liability will remain at \$5 million, subject to a \$50,000 retention. AIG proposed an annual premium of \$65,050 and a three (3) year premium of \$115,139. AIG's annual premium is \$2,210 (3%) less than that proposed by Indian Harbor. Normally it is not in an organization's best interest to change insurers unless a premium savings equal to ten percent (10%) can be realized. It is therefore recommended that the AIG's annual proposal be eliminated from consideration. Indian Harbor has also proposed a three year policy (to be discussed later in this letter) that is priced lower than AIG's. It is therefore recommended that AIG's three year proposal also be eliminated from consideration.

Arch Specialty Insurance Company also submitted a proposal to renew the County's Pollution Liability insurance for an annual premium of \$63,568. Arch's proposal is \$3,692 (5%) lower than the one proposed by Indian Harbor. The limits, retentions, terms and conditions of the Arch's proposal are comparable to those of the Indian Harbor program. As with the AIG proposal, it is not believed that Arch's proposal provides significant premium savings to justify a change of insurers at this time.

Indian Harbor supplemented its original proposal by offering a three year policy for a total premium of \$114,445. This equates to an annual cost of \$38,148. This amount is significantly lower than Indian Harbor's one year option. Because of the attractiveness of Indian Harbor's three year option, it is recommended that the County consider renewing its Pollution Liability insurance with Indian Harbor for the next three years as proposed by Marsh USA.

As always, please do not hesitate to call if you have any questions.

Cordially,

INTERISK CORPORATION

A handwritten signature in cursive script, appearing to read "S G Webber".

Sidney G. Webber
CPCU, ARM